

MODEL RESPONSE FOR IRS FORM 1023

The following is a sample to be used as a reference only!

The Anytown Main Street Program is a membership organization whose purpose is to protect and enhance Anytown's historically and culturally significant downtown commercial area, which consists of [whether the downtown includes a designated historic district, or whether you are seeking designation, and! or otherwise specify the characteristics of your downtown commercial area that make it significant].

The Anytown Main Street Program was formed in 19__ when the existence of Anytown's traditional commercial district was threatened by the increasing flight of downtown merchants, which rendered the downtown area vulnerable to deterioration and, ultimately, the loss of structures and sites important to its historic character. The Anytown Main Street Program seeks to reverse this trend by undertaking activities designed to preserve its traditional downtown area as a healthy, economically vital center of commerce and social activity, and to promote preservation, rehabilitation and reuse of the commercial, civic, residential and religious buildings in the traditional business district.

The means for accomplishing this historic preservation objective are tailored to the nature and magnitude of the threat to the resources in Anytown's historic downtown commercial area. A strategy that relies solely on selected acquisitions and restoration projects cannot begin to accomplish the preservation of its traditional commercial areas. Instead, the Anytown Main Street Program works to build community support for, and interest in, Anytown's traditional downtown commercial area through a four-part program emphasizing promotion, organization of people and resources, economic restructuring of the downtown area and design of the downtown area to complement the prevailing architectural style and character of the area.

The success of the Anytown Main Street Program's activities depends heavily on securing communitywide support for the preservation of Anytown's downtown commercial area. For that reason, the Anytown Main Street Program's activities are heavily focused, first and foremost, on efforts designed to educate the community about the historic fabric and the significance of the historic and cultural resources in the community. It accomplishes this through preservation awareness programs such as downtown architectural guides, historic rehab and adaptive use workshops, walking tours, heritage events and written resource materials.

Other activities are designed to draw public attention to the historic traditional role of the downtown area, through the production of special events, such as the Fourth of July and the Christmas parade, the farmer's market, and other traditional local events, which reposition downtown as the center of community activities. In addition to educating the public, these efforts serve to build a communitywide preservation ethic which will, in turn, provide the vital community support needed in order for Anytown Main Street's preservation program to succeed.

The Anytown Main Street Program also sponsors programs designed to preserve and enhance the (*n*) historic structures in its downtown area. To achieve this purpose,

Anytown Main Street Program's activities include downtown architectural guides, rehab workshops, historic district regulations and rehab design services.

The IRS has recognized that the preservation of buildings having historical or architectural significance is an inherently charitable purpose. — Rev. Rul. 75-470, 1975-2 C.B. 207. The Anytown Main Street Program directly serves this purpose by undertaking activities designed to preserve the vitality and therefore the existence of Anytown's traditional, historic downtown area. The Anytown Main Street Program's activities such as community-based planning, streetscape design, banner program and Clean-Up Days also serve the charitable purposes of community beautification and lessening the burdens of government. Finally, The Anytown Main Street Program's activities such as historic photo displays, architectural "treasure hunts," newsletters, brochures, tours and public presentations serve to educate members of the public about Anytown's heritage. Rev. Rul. 68-14, 1968-1 C.B. 243 (organization formed to promote and assist in city beautification projects and to educate the public on the advantages of street planning qualifies under Section 501(c)(3).)

The Anytown Main Street Program also works to protect the historic downtown area by providing downtown merchants, businesses and property owners with technical assistance designed to promote business practices that are appropriate to the historic character of the area. These activities clearly further the charitable purpose of historic preservation by limiting intrusive construction in the downtown area, by educating property owners on compatible design and rehabilitation alternatives and by eliminating vacancy and underutilization of important historic structures. Rev. Rul. 75-470, 1975-2 C.B. 207 (recognizing Section 501(c)(3) tax status of an organization that acquires, restores and then makes historic buildings available for public viewing); Rev. Rul. 77-367, 1977-2 C.B. 193 (organization operating a replica of a 19th-century village qualified under Section 501 (c)(3).)

In addition, many of the Anytown Main Street Program's activities, such as traffic planning, parking surveys, zoning assistance, sign and building code development and enforcement and its advice to the City of Anytown on public spaces and signs, lessen the burdens of government by providing services to enhance the attractiveness of city-owned property in the downtown area. Rev. Rul. 70-186, 1970-1 C.B. 128 (organization that seeks the preservation of a public lake lessens the burdens of government); Rev. Rul. 68-14, 1968-1 C.B. 243 (organization formed to promote and assist in city beautification projects and to educate the public on the advantages of street planning qualified under Section 501(c)(3).) This function was recognized by the _____ state government when the Anytown Main Street Program was formally-accepted as a Demonstration City in the _____ State Main Street Program. Accordingly, the Anytown Main Street Program's purposes and activities qualify for IRS recognition of its Section 501 (c)(3) status.

Statement of Purpose for a Main Street Organization

The corporation is organized to operate exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or corresponding provision of any future United States Internal Revenue law) and more specifically:

- (a) To promote the historic preservation, protection and use of Anytown's traditional downtown area including that areas commercial civic and religious enterprises and residences;
- (b) To take remedial actions to eliminate the physical economic and social deterioration of Anytown's traditional downtown area and thereby promote Anytown's historic preservation, contribute to its community betterment while lessening the burdens of Anytown's government;
- (c) To disseminate information of and promote interest in the preservation, history, culture architecture and public use of Anytown's traditional downtown area;
- (d) To hold meetings seminars and other activities for the instruction of members and the public in those activities such as building rehabilitation and design economic restructuring and planning management that foster the preservation of Anytown's traditional downtown area and enhance the understanding and appreciation of its history culture and architecture;
- (e) To aid, work with and participate in the activities of other organizations individuals and public and private entities located within and outside Anytown engaged in similar purposes;
- (f) To solicit and receive and administer funds for educational and charitable purposes and to that end to take and hold by bequest, devise, gift, grant, purchase, lease or otherwise, either absolutely or jointly with another person or corporation, any property, real, personal, tangible or intangible, or any undivided interest therein, without limitation as to amount of value; to sell, convey or otherwise dispose of any such property and to invest, reinvest or deal with the principal or the income thereof in such manner as, in the judgment of the corporation's directors, will best promote the purposes of the corporation without limitation, except such limitation, if any, as may be contained in the instrument under which such property is received, the bylaws of the corporation, or any laws applicable thereto.

In addition, in furtherance but not in limitation thereof:

The corporation shall not carry on propaganda or otherwise attempt to influence legislation except as an insubstantial part of its activities. The corporation shall not engage in any transaction or permit any act or omission which shall operate to deprive it of its tax-exempt status under section 501(c)(3) of the Code. The corporation shall not in any manner or to any extent participate in, or intervene in (including the publishing or distribution of statements) , any political campaign on behalf of any candidate for public office; nor shall it engage in any "prohibited transaction" as defined in Section 503 (b) of the Internal Revenue Code of 1986. In the event of dissolution or liquidation of the corporation, any assets then remaining shall be distributed among such other

organizations as shall qualify at the time as exempt organizations described in Code Section 501(c)(3) as the Board of Directors shall determine, such assets to be used for purposes consistent with those described in the immediately preceding subparagraphs lettered (a) through (e).

No part of the net earnings of the corporation shall inure to the benefit of any member of the corporation or other private individual except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered herein, None of the property of the corporation shall be distributed directly or indirectly to any member of the corporation except in fulfillment of its charitable and educational purposes enumerated herein.

The corporation also has such powers as are now or may hereafter be granted under the laws of (State) that are in furtherance of the corporation's exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding section of any future federal tax codes.

INFORMATION FROM THE INTERNAL REVENUE SERVICE

Charities & Non-Profits

Filing Requirements

Generally, tax-exempt organizations must file an annual information return. Tax-exempt organizations that have annual gross receipts not normally in excess of \$25,000 are not required to file the annual information return. In addition, churches and certain religious organizations, certain state and local instrumentalities, and other organizations are excepted from the annual return filing requirement. For more information, download Publication 557 Tax-Exempt Status for Your Organization.

Tax-exempt organizations, other than private foundations, must file Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax. The Form 990-EZ is designed for use by small tax-exempt organizations and nonexempt charitable trusts. An organization may file Form 990-EZ, instead of Form 990, only if (1) its gross receipts during the year were less than \$100,000, and (2) its total assets (line 25, Column (B) of Form 990-EZ) at the end of the year were less than \$250,000. If your organization fails to meet either of these conditions, you cannot file Form 990-EZ. Instead you must file Form 990. All private foundations exempt under 501(c)(3) must file Form 990-PF Return of Private Foundation.

Form 990, Form 990-EZ, or Form 990-PF must be filed by the 15th day of the 5th month after the end of your organization's accounting period. The instructions for these forms indicate the Service Center to which they must be sent.

A tax-exempt organization that fails to file a required return is subject to a penalty of \$20 a day for each day the failure continues. The same penalty will apply if the organization fails to give correct and complete information or required information on its return. The maximum penalty for any one return is the lesser of \$10,000 or 5 percent of the organization's gross receipts for the year. If the organization has gross receipts in excess of \$1,000,000, the penalties are increased to \$100 per day with a maximum penalty of \$50,000.

Even though an organization is recognized as tax exempt, it still may be liable for tax on its unrelated business income. An exempt organization that has \$1,000 or more gross income from an unrelated business must file Form 990-T Exempt Organization Business Income Tax Return. The obligation to file Form 990-T is in addition to the obligation to file the annual information return. Tax-exempt organizations must make quarterly payments of estimated tax on unrelated business income. An organization must make estimated tax payments if it expects its tax for the year to be \$500 or more. The Form 990-T of a tax-exempt organization must be filed by the 15th day of the 5th month after the tax year ends. An employees' trust must file Form 990-T by the 15th day of the 4th month after its tax year ends. A tax-exempt organization's Form 990-T is not available for public inspection. For additional information, download Publication 598 Tax on Unrelated Business Income of Exempt Organizations.

Every employer, including a tax-exempt organization, who pays wages to employees is responsible for withholding, depositing, paying, and reporting federal income tax, social security taxes (FICA), and federal unemployment tax (FUTA) for such wage payments, unless that employer is specifically excepted by statute from such requirements or if the taxes are clearly inapplicable. For more information, download Publication 15 Circular E, Employer's Tax Guide, Publication 15-A Employer's Supplemental Tax Guide, Form 940 Employer's Annual Federal Unemployment (FUTA) Tax Return and Form 941 Employer's Quarterly Federal Tax Return.

Tax-exempt organizations must make their last three annual information returns and their approved application for recognition of exemption with all supporting documents available for public inspection. Pursuant to the Taxpayer Bill of Rights 2, the organization is required to provide copies of these documents upon request without charge (other than a reasonable fee for reproduction and copying costs). Penalties are provided for failure to comply with these requirements. For more information, see our frequently asked questions the final regulations published in Internal Revenue Bulletin 1999-17 or download Disclosure Requirements